

Netflix & Google

Google Play Billing
July 2018

NETFLIX

EXHIBIT 2052

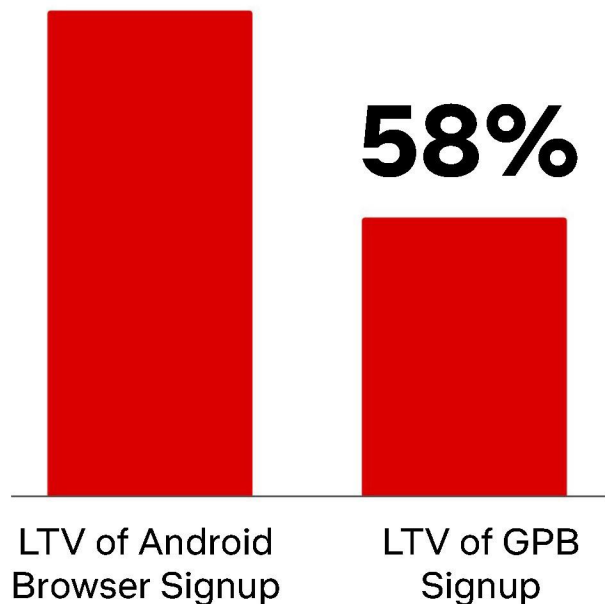
Historical Summary

- We have been testing for 2 years:
 - 2016-2017 A/B Test: Netflix MOP vs. GPB
 - 2018 Quasi-Experiment: GPB vs. Android Browser
- Our recently completed quasi-experiment further confirms:
 - GPB underperforms relative to Netflix
 - Positive incremental acquisition
 - Much lower retention on GPB, impacted by both voluntary and involuntary churn

Latest test & analysis structure

- Quasi-Experiment was conducted across 28 countries
- Tested markets for 16 weeks starting 1/29
 - Pairs were flipped every 4 weeks
 - Tracked retention and measured incremental acquisition
- Test results informed the expected incremental acquisition from enabling GPB
- We used actuals from historical retention data to measure the overall value of a subscriber

Financial Results from 2018 Test



A user who signs up with Google Play Billing in-app is only **58%** as valuable as an Android browser signup for Netflix, even **before accounting for any rev-share**

Financial Results from 2018 Test

- We estimate that ~18% of GPB signups are incremental to Netflix
- Assuming all Android in-app signups came through GPB Netflix would **lose ~\$250M USD** on 1 year of signups¹, even when accounting for the incremental uplift
- The revenue share of 15% paid to Google accounts for **less than half** of the financial loss

¹ When compared to an Android browser signup model; measured over a 36 month life of the user

In Summary

- We don't see a scenario where Google's payment system would outperform, or even match our own
- Given most recent test results, any different economic model is not feasible, as it would still result in a negative revenue impact to Netflix

| Discussion

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